

Term Sheet for Conditional Grant Agreement

6 – 14 Acorn Street

Borrower: Hamilton East Kiwanis Non-Profit Homes ("Kiwanis")

Project: Kiwanis – the 40-units not funded under the Ontario Priorities Housing Initiative (OPHI) of the 60-unit affordable housing building currently under development by Kiwanis on the property municipally known as 8 and 14 Acorn Street, and legally defined as Part Lots 13 and 14 on Plan 46, designated as Parts 1 and 2 on Plan 62R-8132, in the city of Hamilton, province of Ontario and Lots 11 and 12, Plan 46, Part Lot 10, Plan 46, Part Lot 13, Plan 46, as in VM103496, in the city of Hamilton, province of Ontario hereinafter referred to as the “Project”

Lender: City of Hamilton ("City")

Type of Grant: Conditional grant to secure long-term affordable housing commitments as set out in this term sheet, Appendix “A” to Report HSC19060(a), below hereinafter referred to as the “Grant”

Grant Conditions

1. The Grant will be subject to the recipient entering into a conditional grant agreement (“CGA”) with the City containing such terms and conditions as set out in this term sheet, Appendix “A” to Report HSC19060(a).
2. The Grant will be subject to the recipient entering into a Development Charges (“DCs”) deferral agreement (“DCDA”) with the City, prior to the issuance of any building permits for works beyond the building foundation, on such terms as set out in Appendix “C” to Report HSC19060(a).
3. The amount of the Grant shall equal the municipal DCs owing for the 40 units of the 6 – 14 Acorn Street affordable housing development project that are not receiving Ontario Priorities Housing Initiative (OPHI) funding, for a term of 20 years from date of first occupancy.
4. The CGA will have a term of 20 years consistent with the period of affordability, commencing from the date any of the 40 affordable housing units in the Project are cleared for occupancy.
5. No assignment of the Grant, other than to the City, the CGA, or the DCDA will be permitted unless consented to by the General Manager of the Healthy and Safe

Communities Department (“GM”) in his sole discretion and only in the following circumstances: (a) the property is sold to another provider of “non-profit housing” as defined in the DCDA who enters into an assignment agreement with the City and Kiwanis agreeing to be subject to all of the terms and conditions of the CGA and the DCDA for the remainder of the term of those agreements and such other terms and conditions as the GM and City Solicitor in their sole discretion deem appropriate; (b) the property is sold to another provider of “non-profit housing” as defined in the *Development Charges Act, 1997* (“DCs Act”) who enters into an assignment agreement with the City and Kiwanis agreeing to be subject to all of the terms and conditions of the CGA and the DCDA for the remainder of the term of those agreements and the assignee agrees to complete the Project in accordance with the Kiwanis plans approved by the City and such other terms and conditions as the GM and City Solicitor in their sole discretion deem appropriate.

6. Requirement to provide the City with original insurance certificates for “Property All Risks” insurance, Broad Form Boiler and Machinery insurance, and insurance against loss of Rent, rental value and other payments required to be paid or made by tenants, or business interruption and profits from the business, to the satisfaction of the Manager of Legal and Risk Management Services.

Rent Requirements & Maximum Allowable Rent

7. At all times during the term of the CGA the rents for these 40 units will at no time be above the maximum allowable rent level, stated in a percentage of CMHC Average or Median Market Rent for the City of Hamilton, to be determined by the GM in his sole discretion when the final construction and operating budgets are produced, but prior to signing of the construction contract. The maximum allowable rent level determined by the GM will be as affordable as possible given the financial conditions at the time of determination, and considering the reasonableness of the construction and operating budgets, the financial viability of the Project both during construction and throughout the affordability period, and the long-term financial viability of Kiwanis, but shall not be above 125% of CMHC Average or Median Market Rent for the unit type. The City shall provide Kiwanis with a conditional grant in the maximum principal amount of the municipal and Go Transit DCs payable by Kiwanis to the City for the development of the 40 units of the Acorn Street North affordable housing development project that are not receiving OPHI funding.
8. Units subject to the CGA may increase rents annually within a tenancy by the Provincial Guideline amount as specified annually by the Ontario Ministry of Municipal Affairs and Housing. Higher increases may be permitted at the sole discretion of the GM following submission of a business case justifying the

increase. At vacant possession, rents may be increased up to the maximum allowable rent level for the unit type as determine in accordance with Section 1.

Events of Default

9. Events of default shall include but not be limited to:
 - a. Within the term of the Agreement the housing is no longer "non-profit housing" as defined under the *DC Act* O.Reg.82/98;
 - b. Failure to observe any of the conditions for advance of a grant payment;
 - c. Breach of any provision of the CGA or DCDA;
 - d. If any part of the Project to which the Grant and DC deferral applies is changed so that it no longer consists of a non-profit housing;
 - e. Any disposition of the property not consented to by the GM in his sole discretion which consent may include such conditions as the GM determines in his sole discretion;
 - f. Failure to obtain an occupancy permit by December 2023;
 - g. Failure to rent 95% of the units that are subject to the Agreement by July 2024;
 - h. Failure to submit required documentation by 30 days past the March 1 deadline in this agreement;
 - i. Failure to notify the City about any change in that could lead to failure of the Project either during or post construction; and,
 - j. Failure to notify the City about any default of the agreement within 30 days.
10. Consequences of an event of default, unless permitted to be remedied in such time and manner as the GM determines in his sole discretion, shall include, but not be limited to: the payment of any unpaid DCs, no further deferral of unpaid DCs, no further Grant payments, and unpaid DCs shall be added to the tax roll.

Advance and Payment Provisions

11. The grant will be advanced in 20 payments ("Advance") yearly on [insert date and month] each equal to 1/20th of the DCs payable subject to all conditions for an Advance being met.
12. The grant will be assigned to the City and no Advance will be paid directly to Kiwanis. The grant will be irrevocably assigned to the City and at the time of each Advance will be transferred by the Housing Services Division to the appropriate DC reserve. The total amount of the Grant will equal the DCs payable.
13. The performance of the conditions for the Grant will be secured by the following:
 - (a) the CGA, (b) the DCDA, (c) if permitted, registering restrictions on the sale of

the land without the consent of the City; and such other security as the GM determines appropriate.

Monitoring Provisions

14. During the term of the CGA and DCDA at and following initial occupancy, Kiwanis will monitor their respective Projects annually to ensure the obligations under the CGA and DCDA have been met for the previous year. During the term of the payment period Kiwanis will submit the following documents for the previous year to the Housing Services Division annually on or before March 1:

- a) Rent rolls for all of the units that are subject to the CGA and DCDA;
- b) Proof of income for any new tenants (entire household) of the units subject to the Agreement, generally in the form of a Notice of Assessment from the Canada Revenue Agency, or alternative documentation to the satisfaction of the City;
- c) Confirmation of insurance on the affordable units; and,
- d) By request only, annual financial statements (audited if available).

Other Provisions

15. Any out-of-pocket expenses incurred for the preparation of the CGA, over and above staff costs, are the responsibility of the proponent.

16. Any other terms deemed appropriate by the City Solicitor and GM.